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*Mr. Linton*

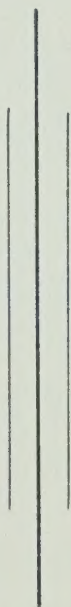
AUG 13 1962

# *Agnew-Surpass*

SHOE STORES LIMITED

BRANTFORD — ONTARIO

*Acquired by GENESCO INC. 1962*



## THIRTY-FOURTH ANNUAL REPORT

FOR THE YEAR ENDED  
MAY THIRTY-FIRST

1962

# FINANCIAL FACTS IN BRIEF

	1962	1961	Increase or Decrease *
Total volume of business .....	\$17,396,618	\$17,300,588	\$ 96,030
Net sales (excluding inter- company sales) .....	16,816,984	16,686,457	130,527
Company contribution to employee insurance and profit-sharing plan .....	137,448	133,440	4,008
Total payroll .....	3,604,120	3,694,701	90,581 *
Depreciation on fixed assets .....	179,973	171,717	8,256
Net income (before taxes) .....	1,333,482	1,159,465	174,017
Income taxes .....	674,900	561,350	113,550
Net income (after taxes) .....	658,582	598,115	60,467
Net income per dollar as percentage of net sales .....	3.92%	3.58%	.34%
Earnings per common share .....	1.63	1.48	.15
Capital expenditures — manufacturing and retail .....	188,413	248,039	59,626 *
Dividends paid per common share	.72	.70	.02
Retained earnings .....	3,812,402	3,458,940	353,462
Net working capital .....	3,763,472	3,503,450	260,022
Number of employees .....	1,517	1,502	15
Number of common shareholders ..	1,063	1,152	89 *
Number of stores in operation .....	157	145	12

## DIRECTORS

W. M. BLACKIE  
Nashville, Tennessee, U.S.A.

J. L. EDMONDSON  
Brantford, Ontario

H. H. GIBAUT  
Quebec City, Quebec

K. R. GILLELAN  
Brantford, Ontario

J. B. HOOVER  
Saint John, New Brunswick

W. D. MUIR, B.Comm.  
Quebec City, Quebec

R. F. WHITBY  
Brantford, Ontario

## OFFICERS

K. R. GILLELAN  
President and General Manager

J. L. EDMONDSON  
Vice-President

H. H. GIBAUT  
Vice-President

R. F. WHITBY  
Vice-President

J. C. WHITE, B.Comm., C.A.  
Secretary-Treasurer

REGISTRAR AND TRANSFER AGENTS  
NATIONAL TRUST COMPANY LIMITED

## BANKERS

BANK OF NOVA SCOTIA

## AUDITORS

THORNE, MULHOLLAND, HOWSON & McPHERSON  
Chartered Accountants



# DIRECTORS' REPORT

TO THE SHAREHOLDERS OF AGNEW-SURPASS SHOE STORES, LIMITED

Your directors are pleased to submit the thirty-fourth annual report of the company and its wholly owned subsidiary, consisting of consolidated balance sheet, statement of income and retained earnings for the year ended May 31, 1962, and comparison with the preceding year.

Total volume of business for the fiscal year ended May 31, 1962 was \$17,396,618. Sales, after eliminating inter-company transactions, amounted to \$16,816,984 compared to \$16,686,457 for the previous year.

Consolidated net income, before income taxes, amounted to \$1,333,482 in comparison with \$1,159,465 for the preceding year. Income taxes for the year amounted to \$674,900 compared with \$561,350 for the previous year. Consolidated net income, after provision for taxes on income, amounted to \$658,582 or \$1.63 per share on the common stock, compared with \$1.48 per share for the preceding year.

During the year, additions to fixed assets were made at a net cost of \$188,413, and of this amount \$4,769 was expended for replacement and modernization of manufacturing facilities and \$183,644 for new store fronts and fixtures.

Allowance for depreciation on fixed assets has been calculated at full rates in accordance with the company's normal procedure and amounted to \$179,973 compared with \$171,717 for the previous year. Store furniture and fixtures are being depreciated on the basis of 20% per annum on the reducing undepreciated balance with the result that depreciation is considerably greater during the early years of new store operations. Leasehold improvements are depreciated over the term of leases.

The first mortgage bond due January 1, 1962, in the amount of \$100,000 was paid on that date. One \$100,000 bond remains outstanding which will mature January 1, 1963.

Common dividends of \$290,120 were paid, consisting of four quarterly dividends totalling 72 cents per share. In the preceding year, common dividends paid amounted to 70 cents per share. The company has now paid ninety-two consecutive common dividends over a period of twenty-eight years.



At a meeting of the directors held on July 11, 1962, a dividend of 12 cents per common share was declared, payable July 31 next to shareholders of record as at the close of business July 19, 1962.

Current assets at the end of the fiscal year were \$5,733,078 and current liabilities were \$1,969,606, resulting in a net working capital of \$3,763,472, an increase of \$260,022 over that of the previous year, as summarized below;

**Funds made available:**

Net income for year .....	\$658,582	
Add Depreciation (no cash outlay) .....	<u>179,973</u>	\$838,555

**Funds applied:**

Additions to machinery, furniture and fixtures and improvements to leasehold properties (net) .....	188,413	
Dividends .....	290,120	
First mortgage bond payable January 1, 1963 included under current liabilities ..	<u>100,000</u>	<u>578,533</u>

**Increase in working capital .....** \$260,022

Under the profit sharing plan which was inaugurated eight years ago, together with employees' bonuses, the employees will participate in the distribution of \$97,750 of the year's profits.

There were 157 stores in operation at May 31, 1962. Fifteen new stores were opened during the year, located at Sydney and Halifax, Nova Scotia; Quebec City, St. Jerome and Montreal, Quebec; Toronto, Welland, Newmarket, North Bay, Belleville and Ottawa, Ontario; Portage la Prairie, Manitoba; Vancouver, Saanich and Burnaby, British Columbia. Eleven of these stores are in shopping plazas. The stores at Ottawa Street, Hamilton and Midland, Ontario and Brandon, Manitoba were closed. The leased department in the Grand River Discount Department Store, Galt, Ontario, opened in November 1961, was totally destroyed by fire eleven days later. Leasing arrangements have been completed for five new stores.

## Directors' Report (CONTINUED)

On September 28, 1961, Genesco, Inc., a Tennessee corporation, made an offer to the shareholders to purchase 260,000 common shares of Agnew-Surpass Shoe Stores, Limited which offer terminated November 1, 1961. More than 260,000 common shares were tendered by the shareholders and Genesco, Inc. completed the purchase of 260,000 common shares on November 7, 1961. As at May 31, 1962, Genesco, Inc., owned 64.5% of the outstanding common shares of your company.

Subsequent to the above, Genesco, Inc., has indicated it will make a further offer to purchase the remaining outstanding common shares of your company, the details of which will be forwarded to all our shareholders.

At the close of the year, there were 1,063 common shareholders. The company and its subsidiary have 1517 employees.

Your directors recognize that the development and growth which your company has enjoyed over many years have been achieved largely through the combined efforts of all the men and women who are a part of Agnew-Surpass and its subsidiary; to them goes much of the credit for the company's continuing progress. Again, it is the wish of your directors to express to all employees sincere appreciation of the team-work, co-operation and loyalty demonstrated by the personnel of your organization.

The accounts and records of the company have been audited by Thorne, Mulholland, Howson & McPherson, Chartered Accountants, Toronto, Ontario, and their report is presented herewith.

On behalf of the Board,

Brantford, Ontario

K. R. Gillelan

July 11, 1962

President.



**AGNEW-SURPASS SHOE STORES, LIMITED**  
AND ITS WHOLLY OWNED SUBSIDIARY  
**THE JOHN RITCHIE COMPANY, LIMITED**

**CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS**  
**Year Ended May 31, 1962**  
(With comparative figures for the 1961 fiscal year)

	<u>1962</u>	<u>1961</u>	Increase or Decrease *
Net operating income for year, after deducting remuneration of executives and legal fees (\$208,025 for 1962 and \$191,414 for 1961) but before the undernoted items .....	<u>\$1,521,687</u>	<u>\$1,344,389</u>	<u>\$177,298</u>
<b>Deduct:</b>			
Taxes on income .....	674,900	561,350	113,550
Depreciation and amortization .....	179,973	171,717	8,256
Bond interest .....	7,932	12,907	4,975 *
Directors' fees (other than executives) .....	300	300	.....
	<u>863,105</u>	<u>746,274</u>	<u>116,831</u>
Net income for year .....	658,582	598,115	60,467
Retained earnings at beginning of year .....	3,443,940	3,127,886	316,054
	<u>4,102,522</u>	<u>3,726,001</u>	<u>376,521</u>
 <b>Deduct</b> Dividends on common shares .....	 <u>290,120</u>	 <u>282,061</u>	 <u>8,059</u>
 <b>Retained earnings at end of year .....</b>	 <u><u>\$3,812,402</u></u>	 <u><u>\$3,443,940</u></u>	 <u><u>\$368,462</u></u>

# Consolidated Balance Sheet as at May 31, 1962

(With Comparative Figures as at May 31, 1961)

## AGNEW-SURPASS SHOE STORES, LIMITED

ASSETS	1962	1961	Increase or Decrease *
Current assets:			
Cash .....	\$ 17,657	\$ 15,440	\$ 2,217
Accounts and bills receivable, less allowance for doubtful accounts .....	633,205	701,575	68,370 *
Company common shares held by trustees for sale to employees .....	43,843	45,075	1,232 *
Merchandise inventories, at the lower of cost or market .....	4,969,677	4,892,018	77,659
Fire insurance deposits .....	17,846	17,243	603
Prepaid expenses .....	50,850	43,241	7,609
	<u>5,733,078</u>	<u>5,714,592</u>	<u>18,486</u>
Fixed assets, at depreciated values as appraised by Canadian Appraisal Company, Limited in 1928, with subsequent additions at cost (ex- cept for lasts, dies and patterns which are shown at nominal value):			
Land .....	71,985	71,985	.....
Buildings .....	336,984	336,984	.....
Plant, machinery, etc. ....	370,497	365,728	4,769
Furniture and fixtures .....	1,550,084	1,414,811	135,273
Improvements to leasehold properties .....	665,415	715,861	50,446 *
Lasts, dies and patterns .....	33,000	33,000	.....
	<u>3,027,965</u>	<u>2,938,369</u>	<u>89,596</u>
Less Accumulated depreciation .....	1,995,561	1,914,405	81,156
	<u>1,032,404</u>	<u>1,023,964</u>	<u>8,440</u>
	<u>\$6,765,482</u>	<u>\$6,738,556</u>	<u>\$ 26,926</u>

Approved: K. R. GILLELAN  
Directors of Agnew-Surpass



AND ITS WHOLLY OWNED SUBSIDIARY  
**THE JOHN RITCHIE COMPANY, LIMITED**  
 Both incorporated under the laws of Canada

## LIABILITIES

	<u>1962</u>	<u>1961</u>	Increase or Decrease *
<b>Current liabilities:</b>			
Bank loan and overdraft .....	\$ 136,897	\$ 450,242	\$313,345 *
Accounts payable .....	946,159	1,014,201	68,042 *
Accrued wages, bond interest and expenses ....	384,446	331,737	52,709
Income taxes payable .....	329,574	242,432	87,142
Dividend payable .....	72,530	72,530	.....
First mortgage bonds maturing within one year	100,000	100,000	.....
	<u>1,969,606</u>	<u>2,211,142</u>	<u>241,536 *</u>
<b>First mortgage bonds, 5%:</b>			
Authorized, \$1,500,000 of which \$1,000,000 were issued as Series "A"			
Outstanding:			
Series "A", maturing January 1, 1963 .....	100,000	200,000	100,000 *
Less Bonds maturing within one year in- cluded under current liabilities .....	100,000	100,000	.....
	<u>.....</u>	<u>100,000</u>	<u>100,000 *</u>
<b>Fire insurance reserve</b> .....	<u>25,818</u>	<u>25,818</u>	<u>.....</u>
<b>Shareholders' equity:</b>			
Capital stock:			
Authorized:			
10,984 cumulative 5½% preferred shares, redeemable at par value of \$10.00 each			
600,000 common shares of no par value			
Issued:			
402,944 common shares .....	957,656	957,656	.....
Retained earnings .....	3,812,402	3,443,940	368,462
	<u>4,770,058</u>	<u>4,401,596</u>	<u>368,462</u>
<b>Note:</b>			
Minimum annual rentals for leased property, excluding rentals based on percentage of sales and excluding payments for taxes and other expenses, total approximately \$533,000 for terms expiring more than five years from May 31, 1962.			
	<u>\$6,765,482</u>	<u>\$6,738,556</u>	<u>\$ 26,926</u>

H. H. GIBAUT  
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### Deduct:

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 Depreciation and am .....  
 Bond interest .....  
 Directors' fees (other

Net income for year .....  
 Retained earnings at be

Deduct Dividends on co

Retained earnings at en

# AUDITORS' REPORT

TO THE SHAREHOLDERS OF AGNEW-SURPASS SHOE STORES, LIMITED

We have examined the consolidated balance sheet of Agnew-Surpass Shoe Stores, Limited and its wholly owned subsidiary, The John Ritchie Company, Limited as at May 31, 1962 and the consolidated statement of income and retained earnings for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the companies, the accompanying consolidated balance sheet and related consolidated statement of income and retained earnings are properly drawn up so as to exhibit a true and correct view of the combined state of the affairs of the companies as at May 31, 1962 and the results of their combined operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

THORNE, MULHOLLAND, HOWSON & McPHERSON

Chartered Accountants

Toronto, Canada,  
July 6, 1962



# TEN YEAR SUMMARY

## AGNEW-SURPASS SHOE STORES, LIMITED AND ITS WHOLLY OWNED SUBSIDIARY

Year Ended May 31	Number of Stores in Oper- ation	Total Volume of Business	Net Sales	Net Income Before Taxes	Income Taxes	Net Income After Taxes	Common Dividends Paid	Earnings Per Common Share	Dividends Per Common Share	Net Working Capital	Ratio of Current Assets to Current Debts
1953	105	\$12,535,200	\$11,329,431	\$1,078,377	\$585,981	\$492,396	\$201,472	\$1.18	\$0.50 (1)	\$2,510,386	2.48
1954	105	11,679,592	10,713,954	715,392	336,079	379,313	161,177	.88	.40	2,621,337	2.91
1955	108	11,531,476	10,638,500	683,066	316,340	366,726	161,177	.85	.40	2,704,974	2.75
1956	114	12,341,228	11,469,985	768,186	342,042	426,144	161,177	1.00	.40	2,859,742	2.73
1957	120	13,904,621	12,935,542	978,007	462,110	515,897	161,177	1.22	.40	3,065,022	2.81
1958	123	14,203,663	13,348,463	1,087,781	516,000	571,781	201,472	1.35	.50	3,288,272	2.91
1959	128	15,793,088	15,003,201	1,271,114	621,305	649,809	241,767	1.57	.60	3,135,401	2.27
1960	133	16,449,421	15,851,225	1,314,368	657,855	656,513	274,002	1.63	.68	3,363,718	2.37
1961	145	17,300,588	16,686,457	1,159,465	561,350	598,115	282,061	1.48	.70	3,503,450	2.58
1962	157	17,396,618	16,816,984	1,333,482	674,900	658,582	290,120	1.63	.72	3,763,472	2.91

(1) In addition, on December 1, 1952, a dividend of \$3.45 per common share was paid in 5 1/2% preferred shares under the then-existing Section 95A of the Income Tax Act. On January 5, 1953, 70 per cent of the above-mentioned preferred shares were redeemed at par, and the remainder were redeemed at par on February 27, 1959.

## CANADA'S LARGEST SHOE RETAILERS

### BRITISH COLUMBIA — 5 Stores

<b>Burnaby</b> Brentwood Shopping Centre Middlegate Shopping Centre	<b>New Westminster</b>	<b>Vancouver</b>
	<b>Saanich</b> Town & Country Square	

### ALBERTA — 9 Stores

<b>Calgary</b> 211 Eighth Ave. Calgary North Hill Plaza (2 stores) Chinook Shopping Centre	<b>Lethbridge</b>	<b>Edmonton</b> 101st Street Shoppers' Park-Westmount Bonnie Doon Plaza Park Plaza
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### SASKATCHEWAN — 7 Stores

<b>Moose Jaw</b> <b>Prince Albert</b> <b>Yorkton</b>	<b>Regina</b> 1847 Scarth St. Golden Mile Plaza	<b>Saskatoon</b> Birks Building Grosvenor Park Shopping Centre
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### MANITOBA — 5 Stores

<b>Brandon</b> <b>Dauphin</b>	<b>Portage La Prairie</b>	<b>Winnipeg</b> 338 Portage Ave. Polo Park Plaza
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### ONTARIO — 89 Stores

<b>Barrie</b> <b>Belleville</b> 252 Front St. Belleville Plaza	<b>Lindsay</b> <b>London</b> 226 Dundas St. Wellington Square	<b>Port Arthur</b> <b>Port Colborne</b> <b>Sault Ste. Marie</b> <b>Simcoe</b> <b>Stratford</b> <b>Sudbury</b> 80 Durham St. 48 Elm St. Sudbury Plaza
<b>Brantford</b> 166 Colborne St. 18-22 Market St.	<b>Merritton</b> Penn Centre	<b>St. Catharines</b> 163 St. Paul St. St. Catharines Mall
<b>Brockville</b> <b>Chatham</b> <b>Fort Erie</b> <b>Fort William</b> <b>Hamilton</b> 79 King St. E. 5 Market Square Greater Hamilton Shopping Centre Mountain Plaza	<b>Midland</b> <b>Niagara Falls</b> 515 Queen St. 1906 Main St. Town'n Country Plaza	<b>St. Thomas</b> <b>Welland</b> 35 Main St. Shopping Centre
<b>Kingston</b> 174 Princess St. Kingston Plaza	<b>North Bay</b> 146 Main St. Northgate Shopping Centre	<b>Whitby</b> <b>Windsor</b> 1356 Ottawa St. E. 357 Ouellette Ave. Dorwin Plaza Yorktown Square
<b>Kitchener</b> 74 King St. Kitchener Plaza	<b>Oshawa</b> 25 Simcoe St. Oshawa Plaza	<b>Woodstock</b>
<b>Leamington</b>	<b>Ottawa</b> Billings Bridge Plaza Carlingwood Plaza	
	<b>Peterborough</b>	



# OPERATING 157 STORES COAST TO COAST

## TORONTO DISTRICT

952 Bloor St. W.	1232 St. Clair Ave. W.	Golden Mile Plaza
2980 Bloor St. W.	1933 Weston Road	(2 stores)
505 Danforth Ave.	232 Yonge St.	Hopedale Plaza
686 Danforth Ave.	729 Yonge St.	Lawrence Plaza
2040 Danforth Ave.	1425 Yonge St.	Newmarket Plaza
2866 Dundas St. W.	4829 Yonge St.	Newtonbrook Plaza
2948 Dundas St. W.	Brampton	North Park
1895 Eglinton Ave. W.	Shopping Centre	Shopping Centre
813 Lakeshore Rd.	Cedarbrae Plaza	Richmond Heights Plaza
471 Parliament St.	Cloverdale Mall	Royal York Plaza
742 Queen St. E.	Dixie Plaza	Thorncliffe Market Place
1486 Queen St. W.	Dufferin Plaza	York Plaza
992 St. Clair Ave. W.	Eastown Plaza	

## QUEBEC — 15 Stores

<b>Montreal District</b>	<b>Quebec City District</b>	<b>Rouyn</b>
Mainsonneuve Plaza	1184 St. John St.	69 Main St.
Normandie	878a St. John St.	111 Main St.
Shopping Centre	La Canardiére	<b>St. Jerome</b>
Pont Mercier	Shopping Centre	Shopping Centre
Shopping Centre	Place Laurier	
St. Martin	Shopping Centre	<b>Thetford Mines</b>
Shopping Centre	Ste. Foy	Shopping Centre
Wilderton	Shopping Centre	<b>Val d'Or</b>
Shopping Centre		

## NEW BRUNSWICK — 7 Stores

<b>Bathurst</b>	<b>Moncton</b>	<b>Saint John</b>
<b>Fredericton</b>	701 Main St.	11 Charlotte St.
<b>Newcastle</b>	906 Main St.	Fairview Plaza

## NOVA SCOTIA — 17 Stores

<b>Amherst</b>	<b>Halifax</b>	<b>New Glasgow</b>
<b>Antigonish</b>	393 Barrington St.	<b>New Waterford</b>
<b>Dartmouth</b>	251 Gottingen St.	<b>North Sydney</b>
25 Portland St.	Bayers Rd.	<b>Springhill</b>
Dartmouth Plaza	Shopping Centre	<b>Sydney</b>
<b>Glace Bay</b>		281 Charlotte St.
<b>Greenwood</b>		Sydney Plaza
Shopping Centre		<b>Truro</b>
		<b>Windsor</b>

## PRINCE EDWARD ISLAND — 1 Store

Charlottetown

## NEWFOUNDLAND — 2 Stores

St. John's                      Corner Brook

